
GLOSSARY

TERMS AND ACRONYMS

<i>ACH</i>	<i>Automated Clearing House.</i> Means an entity that operates as a clearing house for electronic Debit or Credit entries pursuant to an agreement with an association that is a member of the National Automated Clearing House Association (NACHA).
<i>ACH Credit</i>	ACH Credit is a means by which money is transferred electronically through the Automated Clearing House (ACH) network. An ACH Credit transaction is one in which the taxpayer, through its own financial institution, originates an entry crediting the State's designated bank account and debiting its own bank account for the amount of tax payment.
<i>ACH Debit</i>	ACH Debit is the converse of the ACH Credit. Under the ACH Debit method, the taxpayer contacts the State's data collection service and originates an ACH transaction debiting the taxpayer's designated bank account and crediting the State's bank account for the amount of tax payment.
<i>CCD+</i>	<i>Cash Concentration or Disbursement Plus Addenda.</i> This is a standard NACHA data format used to make ACH Credit transactions. The CCD+ format combines the widely used CCD format with a single addendum record that can carry 80 characters of payment - related data known as the TXP (see TXP).
<i>Data Collection Service</i>	Also known as third-party vendor, the State's data collection service is the party responsible for the collection of taxpayer's information for the purpose of initiating an ACH Debit transaction. Taxpayers may report information to the service by means of voice, touch-tone telephone, personal computer, terminal, or mainframe.
<i>EFT</i>	<i>Electronic Funds Transfer.</i> A term that identifies the type of systems used to transfer payments or funds electronically. EFT refers to any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone instrument, computer, or magnetic tape, so as to order, instruct, or authorize a financial institution to Debit or Credit an account.
<i>Federal Reserve System</i>	The central banking system of the United States, consisting of twelve regional reserve banks and those member depository institutions that are subject to reserve requirements.

<i>Fedwire</i>	One wire transfer system used generally to transfer large dollar amounts instantaneously and which is provided by the U.S. Federal Reserve System. The use of this method for payment of premium taxes to CDI requires written approval and is for emergency use only. This method of payment will incur additional cost to the taxpayer which will be billed separately.
<i>NACHA</i>	<i>National Automated Clearing House Association.</i> The association that establishes the standards, rules, and procedures that enable depository financial institutions to exchange ACH payments on a national basis.
<i>Prenote Test</i>	A zero-dollar <i>pre-notification</i> test entry sent through the ACH network to verify banking information. If a prenote is processed, it must be done at least 30 days before actual EFT payment is initiated.
<i>Reference Number</i>	A number is provided by the State's data collection service to the taxpayer using the ACH Debit payment method. This number is given after the taxpayer has provided information needed to initiate a payment. The reference number indicates the date and time the payment was reported and can be used to aid in the tracing of a payment. Reference numbers may also be used in Fedwire transactions.
<i>Settlement Date</i>	The date an exchange of funds, with respect to an entity, is reflected on the books of the Federal Reserve Bank(s) and participating financial institutions. In regards to the timeliness of a tax payment, settlement in the State's bank account must occur on or before the first banking day following the tax due date.
<i>TXP</i>	<i>Tax Payment Banking Convention Record Format.</i> Contains the data format, contents, and implementation suggestions for taxpayers to pay state taxes through the Automated Clearing House under the ACH Credit method. This convention is to be used with NACHA CCD+ format and is used in the majority of other states using EFT for tax collections. The format is carried in the 80-character free form field of the addendum record. The TXP convention has been developed with input from corporate trade associations, state representatives, and federal government agency representatives. The proposed convention is a result of the joint efforts of the Federation of Tax Administrators (FTA), the Committee on State Taxation (COST), and the Banker's EDI Council of NACHA.
<i>Warehousing</i>	<i>Warehousing</i> is the ability of the State's data collection service to hold or "warehouse" a tax payment until the tax due date or a date specified by the taxpayer. With this option, a taxpayer can call the State's data collection service and specify when the taxpayer's bank account is to be debited for the payment. This feature has a range of 60 days from the date the payment is called into the State's data collection service.